GLAGOLEV, IGOR

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From bombers and missiles to minerals.

Comrade Glagolev's Gap

The lowdown on the Kremlin's next step toward world hegemony is on sale in Washington for the modest sum of $100. That's the going price for two hours with an aging Soviet defector named Igor Glagolev, who claims to have a corner on the Russians' plot to control the world's supply of key "strategic" minerals. Under the plan, says Glagolev, who fled his job with the Soviet Academy of Science four years ago, South Africa and neighboring Namibia will be invaded by tanks from Soviet-backed Angola and Mozambique to secure key minerals such as cobalt, chromium, and manganese. "This is not a theoretical discussion anymore," says Glagolev. "It is a very practical instruction for immediate aggressive action. . . . I heard these instructions many times from representatives of the Soviet government."

Like the bomber gap and missile gap of yesteryear, the strategic minerals gap is gaining wide currency in Washington. The incoming Reagan administration has assigned a large transition task force—including the obligatory gaggle of academics, former military officers, and captains of industry—to make recommendations on the subject. Candidate Reagan, asked by Walter Cronkite whether he would use military force to protect foreign materials such as "chrome from Zimbabwe and South Africa," answered reassuringly, "Well, again, we can't have military force without chrome, we can't have our automobiles, and we can't have airplanes or anything else. I don't know that military force is necessary."

Although the kind of conspiratorial right-wing alarms spawned by Glagolev's spiel are pooh-poohed by most experts, the imbalance between East and West in mineral dependency is real enough. While the Soviet Union until now has relied almost entirely on its domestic supply, the US dependency on foreign supplies has grown steadily since the Korean War. In 1950 only four of 13 key strategic minerals were imported into the US in quantities of 50 percent or more; today nine are imported in quantities of more than 90 percent. The EEC countries rely totally on imports for 10 of these minerals and Japan for 11.

But although the Russians for the first time appear to be moving into the international market as buyers of these so-called strategic minerals—rather than the sellers they have always been—and although they continue to support national liberation struggles in southern Africa, observers at the CIA, NSC, and the State Department find no real evidence of a concerted Soviet strategy to cut off the West from its supplies. When we posed Glagolev's plot to the CIA minerals expert he giggled into the phone.

In Washington, though, the mining industry is already using the "minerals gap" to campaign against environmental laws restricting minerals exploration. On Wall Street financial advisers are offering speculators a ton or two of titanium (excellent for submarine hulls) or a bar of antimony (good for bullets, shrapnel, and camouflage paint) instead of Krugerrands as a hedge against inflation. Until this year the military establishment has been reluctant to use the "minerals gap" as a fundraising tool when more easily understood "gaps" about bombers and missiles were readily at hand.

No longer. On November 13 General Alton Slay, chief of the Air Force Systems Command, did his best to scare members of the House Armed Services Committee by warning that "only a few more nations would have to fall under Soviet influence for the elements of a [communist] supercartel to coalesce." Brandishing a map of Africa entitled "Persian Gulf of Minerals," with shaded patches for "Marxist controlled nations," the general reminded the committee what Brezhnev is supposed to have told Somali president Siad Barre in Prague in 1973: "Our aim is to gain control of the two great treasure houses on which the West depends: the energy treasure of the Persian Gulf and the mineral treasure of Central and Southern Africa."

General Alexander Haig, former NATO supremo and now president of United Technologies (makers of jet fighter engines, among other things) told the House Interior Mines and Mining Subcommittee in September: "Personally I have long been troubled by what is rapidly becoming a crisis in strategic and critical minerals. . . ." New policies are needed urgently, he said, to free the United States from third world "resource battlegrounds."

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IN A CLOSED hearing earlier this year, subcommittee chairman Representative Jim Santini of mineral-rich Nevada extracted a confession about the "minerals gap" from the Defense Department's high-tech boffin, Dr. William Perry, undersecretary of defense for research and engineering. Perry, according to Santini, admitted his department had ignored the issue for too long. "At last," Santini said later, "the Department of Defense has dropped the 'don't worry' banalities and admitted we are in bad shape with certain strategic minerals."

In the same hearings, a leading steel industry representative, E. F. Andrews of Allegheny Ludlum Industries, told Santini's committee, "We have seen cartels formed in the oil business and I truly believe that there are several other commodities potentially cartelable [sic]." In an interview with the *Pittsburgh Press* Andrews conjured up the specter of a Russian submarine blockade of the sea lanes surrounding southern Africa. Without chrome from that region, Andrews noted, "We'd have to go back to eating pickles out of a wooden keg."

This is surely the kind of plain talk Wall Street operators understand. Recently two companies, one on each side of the Atlantic, took up the challenge. In London the Strategic Metals Corporation gave $10,000-plus investors a chance to hold vault receipts for security-bonded barrels of chromium, cobalt, columbium, indium, magnesium, rhodium, and tungsten. In New York James Sinclair, a precious metals broker, is selling investors a lavishly produced booklet (cost: $235 a year) with official government charts of strategic metals sources of supply. Sinclair advises: "I believe that since governments have so far failed to recognize this impending crisis, it behooves us as citizens to do so. If the Soviet strategem of mineral starvation is played out to the full, it is better that citizens own materials that are critical to our national defense. . . ." In a November investment newsletter (cost: $125 a year) Sinclair urged, "Every investor with $100,000 capital should have a minimum $15,000 in strategic metals and critical materials."

Investors also were alerted to America's apparent minerals peril in an August 21 *Washington Star* story headlined "The Strategic Materials Gap." Daniel James, described by the *Star* as a "Washington-based journalist," exclaimed: "The dangers are obvious. When are U.S. leaders going to start taking them seriously?" A few weeks later, the American Geological Institute, which claims to represent more than 50,000 geologists and other earth scientists, warned that the US "is in a resource war, conducted by the Soviet Union, whose objective is to interrupt or deny this country access to strategic and critical materials." Investors may not have noticed that the press spokesman for the institute was Daniel James, the author of the *Star* article.

The *Washington Post*, however, took exception to the geologists' report. It provided "no specifics to support the allegation," the *Post* noted. "Is there a resource war? . . . Has the Soviet Union in fact adopted a conscious strategy to deny access to mineral imports?"

The "minerals gap" may be a new political phenomenon, but scare stories of the "minerals gap" are not. In 1978, when the Soviet-backed Katangese rebels invaded the cobalt-rich Shaba Province of Zaire, stories in the Western press suggested the rebels were out to destroy the mines and the Soviet Union had cunningly made preemptive purchases of cobalt; neither was true. More recently, the Soviet Union has purchased some chromium from Khomeini's Iran, a move signaled by *Business Week* as an "ominous shift" in Soviet minerals-purchasing policy. Indeed, the amount imported, 20,000 tons, seemed like a lot to the lay reader, but in fact it is less than one-tenth of one percent of the 1979 total world production. In the same article, the Russians were said to be stockpiling another key strategic mineral, titanium. Further evidence of a new policy? Perhaps, but as Steven Warnecke, a Columbia University minerals expert, points out, "Titanium is imported from Australia, a western country with the discretion of refusing to sell to the USSR." In a letter to *Business Week* Warnecke went on, "In addition . . . the Soviet Union may not be a net exporter of raw materials in the future, [but] the share of resources that will be imported will certainly be too small to allow her to challenge the market power of her western colleagues."

A recent research paper prepared by the Congressional Research Service for private circulation among legislators also strongly discounted the likelihood of third world mineral producers forming OPEC-type cartels against the US and other consuming nations. CRS specialist Dr. James E. Mielke wrote:

> In contrast to the OPEC countries, the metal exporting countries do not have an excess of funds which can permit them to withhold or reduce supply for an indefinite period of time. In addition the much more divergent economic, political, historical and cultural backgrounds of the mineral exporting nations tend to reduce their chances for sustaining a successful cartel.

What the minerals gap seems to boil down to is the imagined strength we attribute to our adversaries. As a minerals expert in the State Department's Africa Bureau put it, "Now the Russians are importing where they formerly exported. That drives up prices. But to jump from there to saying they have a plot to deny the West access requires a certain leap of faith most observers are reluctant to take. All one can say is that the Russians have proved they can play the game in the international market." In short, the minerals gap is the Soviets' problem as much as anybody else's.

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